Independent Global Flexible Fund

A Fund of Sanlam Global Funds plc

Class A as at, 30th November 2018

Fund Factsheet

Minimum Disclosure Document (MDD) - Issued: 20th Dec 2018

FUND DESCRIPTION

The fund is actively managed and invests globally across asset classes, but will generally have an equity bias. The fund is focused on bottom-up, fundamental stock selection. We will ensure that asset allocation is driven by the expected returns from each asset class that will achieve a reasonable return with an acceptable amount of risk. The standard deviation of returns of the fund should be similar to those of the benchmark (MSCI World US$). The fund cannot use leverage, or have net short positions.

FUND OBJECTIVE

The fund aims to create long-term wealth for investors. In addition to outperforming the benchmark, the fund also aims to outperform the average return of a similar peer group without assuming additional risk.

FUND STRATEGY

The fund seeks to acquire great global companies trading at material discounts to intrinsic value and where earnings are likely to grow over the medium-to-longer-term because of structural industry tailwinds. We place particular emphasis on analysing the strength of the business model, the sustainability of returns and the ability of a company to pay increasingly higher dividends to shareholders. Importantly, we want to be shareholders in these companies for a long time. We are keenly aware that great companies do not always make great investments if they are purchased at the wrong price. If the returns from equities as an asset class do not look attractive, we will strategically allocate funds to alternative asset classes where the returns are more attractive in order to protect capital and reduce volatility.

LIKELY INVESTORS

Investors who are seeking exposure to global investments to provide long-term capital growth while accepting short-to-medium term market fluctuation. Investors should have an investment horizon of more than three years. Investors should be prepared to accept the risk of capital loss.

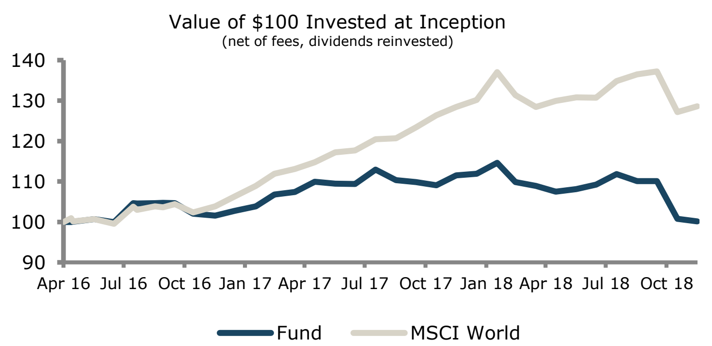
BENCHMARK

Benchmark: MSCI World Index (US$) total return

RISK PROFILE

Moderate to High risk. The performance of the fund is directly linked to the performance of global equity markets. As the Rand can be a volatile currency, this could lead to significant fluctuations in the rand value of this fund.

PERFORMANCE



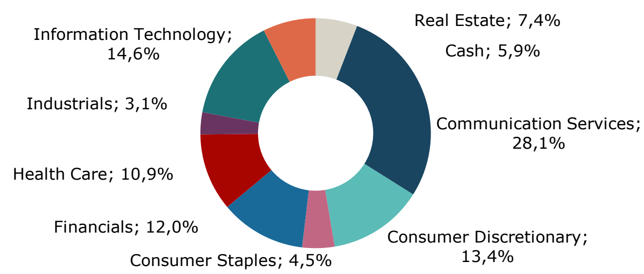
Return (US$ %)	1 Month	3 Month	Year to Date	1 Year	Annualised 2 Year	Cumulative Since Inception	Annualised Since Inception
Fund	-0.6	-9.0	-10.5	-10.2	-0.7	0.2	0.1
Benchmark	-1.1	-5.8	-1.2	0.1	11.3	28.6	10.1

Source: Bloomberg, performance figures above are based on lump sum investment, NAV-NAV, net of fees, dividends and income reinvested, US$.

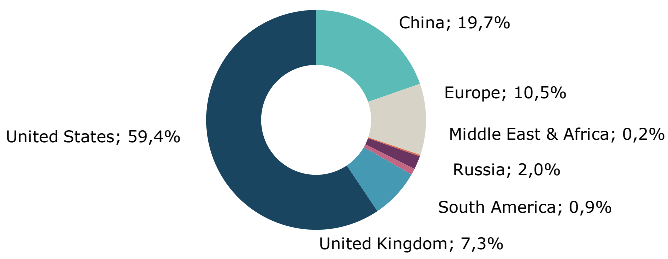
RISK MEASURES

%	Fund	Benchmark
Maximum Drawdown	-18.2	-10.7
Percentage Positive Months	46.9	81.3
Annualised Monthly Volatility	8.2	8.1
Highest Annual Return	10.3	25.8
Lowest Annual Return	-10.2	0.1

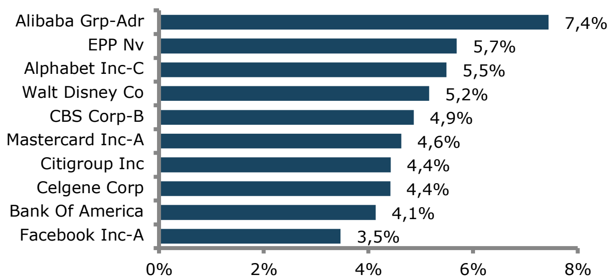
ASSET / SECTOR ALLOCATION



REGIONAL BREAKDOWN



TOP EQUITY HOLDINGS



KEY FACTS

Fund Administrator: Sanlam Asset Management (Ireland) Ltd
Custodian: Brown Brothers Harriman Trustee Services (Ireland) Ltd
Base Currency: US$
Fund Type: Fund of Sanlam Global Funds plc (RAIF)
Fund Domicile: Ireland
Fund Category: USD Flexible Allocation (Morningstar)
Launch Date: 18th April 2016
Distribution: Dividends and interest income are reinvested
Minimum investment amount: US$ 1,000
Redemption Period: 1 business day proceeding dealing day
Dealing Deadline: 4PM (Ireland) on the business day before a dealing day
Redemption Frequency: Daily
Redemption Payout: 4 business days after dealing day
Price Publication: Daily on www.sanlam.ie
Valuation: Midnight (South African time) on each dealing day
Fund Size: $24.7 million
Number of Units: 2,462, 729.3
Net Asset Value (Class A): US$ 10.0768

FUND COMMENTARY

Taking a step back ......

2018 has been characterised by a rolling bear market across most asset classes. In fact, 2018 has had the fewest number of asset classes that have been able to beat inflation since 2008, indicating there really has not been anywhere to hide! Global equities have specifically taken an awful beating over the last few months and our benchmark index, the MSCI World US$, is 15% off its 12-month high at the time of writing. Given this background we thought we would do things slightly differently this month, particularly as we are finishing the calendar year our commentary can be considered as our outlook for 2019 and beyond.

Our usual monthly commentary highlights the investment case for a particular stock but after a volatile year we thought we should take a step back, reflect, and elucidate our key thoughts on the macro variables that are likely to shape the economic landscape over the medium to longer-term.

While our investment approach will always be focused on bottom-up stock picking we realise that stocks do not operate in a vacuum and it can be constructive to have a macroeconomic outlook to better understand the global economic dynamics that are in play and the potential impact on our stock selections.

US business cycle

The US is well into a mature business cycle but without any signs of near-term recession risk. We believe the current expansion will continue to surprise with its durability and longevity. Contrary to popular perceptions, monetary policy settings still provide a tailwind to economic growth and we believe pro-cyclical fiscal policy in the US will surprise to the upside next year.

With the US economy growing, inflation under control, stable monetary policy and reasonable valuations it is not difficult to imagine that equites will rebound from this base. More so given the absence of poor relative returns on offer from other asset classes. Bear in mind that since 1946 the S&P 500 has never been down 12 months following midterm elections.

A bipartisan agreement in the US on infrastructure spending would certainly extend the equity bull market even further. Trump has been consistent on most of his other election promises and there is some agreement with the Democratic party in terms of needing infrastructure spending.

US interest rates

The long-term trajectory of US interest rates is higher, but it seems likely the Fed will pause along this path during 2019 and only raise interest rates in March and possibly June. We don't believe the level of interest rates this implies represents a significant threat to US equities at this stage. This is consistent with empirical evidence, especially when one considers that historically equity markets trade at a price to earnings ratio of 19x when inflation rates are around 2% and the S&P 500 is currently trading at a forward price to earnings ratio of 15.6x. Longer-term, higher interest will negatively impact highly indebted companies and credit quality is a major concern of ours over the medium to longer term. One consequence of our interest rate concerns is that we are reducing exposure to highly indebted companies.

US dollar

The pause in the Fed hiking cycle is likely to stop the dollar strengthening further and with the ECB and BoE being increasingly committed to interest rate tightening, the dollar will face additional headwinds.

With the US operating at full capacity the only way to meet additional demand is to increase imports. Therefore, the US trade deficit is likely to deteriorate on a trend basis. Any US infrastructure plans are likely to accelerate this trend. These two factors can only be dollar negative over the longer term.

These factors are positive for global risk assets, particularly emerging markets!

China

The US and China will engage in a long-term technological and military competition as China threatens to challenge the US as the world's largest economy over the next decade. Nevertheless, the trade wars will lose relevance next year. We have already seen concessions from China with regards to intellectual property, autosales, soya beans and foreign company ownership.

We don't believe the additional US tariffs on Chinese goods are material enough yet to have a long-term structural impact on global economic growth. The higher tariffs increase prices by $14bn but that needs to be considered against the size of US and Chinese economies which total $20trn and $14trn respectively. The tariffs can be absorbed. Furthermore, the depreciation of the renminbi against the US dollar has meant some of the sting has been nullified for China.

Ultimately the US and China want similar things; a weaker US$/ RMB and the opening of the Chinese markets to US companies.

We are also at the beginning of what may be a significant easing cycle in China as the Chinese government reacts to softening economic data and rising concerns around corporate debt. These positive actions may cause nominal GDP and corporate revenue to show rising year on year growth in the back half of 2019. These actions will support the Chinese economy's transition from manufacturing and industry to services.

Our High Conviction Investments Our favourite sector remains **technology**. In the last stages of the bull market dating back to the 1960's, the technology sector delivered a median 14% outperformance relative to the S&P 500. Regulatory risks are overstated in our view and many large technology companies have been very proactive in addressing concerns around topics such as privacy

A material valuation differential exists between **developed and emerging markets** and we have positioned the fund accordingly to exploit this anomaly. Chinese stocks (particularly internet companies) have fallen by up to a third because of growth and trade war concerns. China has a growing and economically empowered middle class that will continue to drive robust consumer spending in China. The dominant emerging markets these days, led by China and India, are big fuel importers. A 25% plunge in Brent crude since mid-October will provide a much-needed tailwind to these two countries. We anticipate the dollar will weaken next year and this generally coincides with emerging market outperformance.

A material valuation differential can also be found between **value and growth shares** and we have positioned the fund accordingly to exploit this anomaly. **US banks** will benefit in a raising interest rate environment. US banks have been one of the worse performing sectors of the year (minus 20%) and we believe their robust franchises, strong balance sheets and cheap valuation position them well for future returns. Many **pharmaceutical companies** trade at wide discount to the broader market with little implied valuation for their pipelines hinting of the opportunity. **Traditional media companies** have been usurped by Netflix and are proactively changing business models, yet their share prices imply earnings perpetually contracting.

Conclusion

Due to the sell-off in global equities we believe equites are appropriately priced for the risks out there. The recent equity price action is corrective rather than a structural price change. The combination of accommodative US monetary policy and US fiscal policy remains supportive of risk assets. Additionally, the US is not in a recession, inflation is not a problem, earnings are growing, and unemployment is declining. Equites still offer the best forecast returns from all asset classes. We therefore believe there is sufficient justification to be long **selective risk assets** (equities), based on the **returns we anticipate** from those assets over the medium term. We remain positioned as such in the Independent Global Flexible Fund.

CONTACT INFORMATION

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Company registration number: 267640 – UCITS IV Management Company & Alternative Investment Fund Manager regulated by the Central Bank of Ireland and is licensed as a Financial Services Provider in terms of Section 8 of the South African FAIS Act of 2002.

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CODES (CLASS A)

ISIN: IE00BYZ0FV84
Sedol: BYZ0FV8
Bloomberg: INGBFAU ID
Momentum Wealth: KLPSJ
Fund Category: Global Flexible

FEES

Per Annum / VAT Inclusive	Class A	Class B	Class C
	($0-$299k) %	($300-$599k) %	(>$600k) %
Advice Initial Fee	0.000	0.000	0.000
Fund Manager Initial Fee	0.000	0.000	0.000
Advice Annual Fee	0.000	0.000	0.000
Investment Manager Annual Fee	1.250	1.000	0.750
AIFM Annual Fee	0.200	0.200	0.200
Administrator Fee	0.030	0.030	0.030
Depositary Fee	0.015	0.015	0.015
Total Expense Ratio (TER)	1.495	1.245	0.995
Transaction Costs (TC) (TOTAL FUND)	0.435	0.435	0.435
Total Investment Cost (TIC)	1.93	1.68	1.43

Obtain the Effective Annual Cost estimate (EAC) before investing by contacting the Manager.

GLOSSARY

Advice fee means any advice fee that is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor.

Total Expense Ratio (TER) means a measure of a fund's assets that have been expended as payment for services rendered in the management of the fund, expressed as a percentage of the average daily value of the fund calculated over a period of a financial year by the manager of the fund. This includes fund management fees, trustee fees, custody fees, legal fees, director's fees, regulatory charges, brokerage charges, administrative fees, bank charges and audit fees. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's.

Transaction Cost (TC) are the costs relating to the buying and selling of the assets underlying the fund. Transaction Costs are a necessary cost in administering the fund and impacts the fund's returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

Total Investment Charges (TIC) consist of the sum of the Total Expense Ratio and the Transaction Costs, as a percentage of the NAV of the fund.

Alternative Investment Fund Manager (AIFM)

MSCI World Index - The MSCI World Index captures large and mid-cap representation across 23 Developed Markets countries. With 1,644 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The index is based on the MSCI Global Investable Indexes (GIMI) Methodology—a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalization size, sector and style segments and combinations. This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability. The index is reviewed quarterly—in February, May, August and November—with the objective of reflecting change in the underlying equity markets in a timely manner, while limiting undue index turnover. During the May and November semi-annual index reviews, the index is rebalanced and the large and mid-capitalization cutoff points are recalculated.

Standard deviation is a measure of the dispersion of monthly returns from the returns generated by a benchmark. The more spread apart the returns, the higher the deviation.

Collective investment scheme (CIS) - Collective investment schemes (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

REGULATORY STATEMENT

Independent Global Flexible Fund is a sub-fund of the Sanlam Global Funds plc, an open-ended umbrella type investment company, with segregated liability between its sub-funds, authorised by the Central Bank of Ireland, as a Retail Investors Alternative Investment Fund, a category of non-UCITS collective investment scheme authorised under Part XIII of the Companies Act 1990 as amended, and Chapter 1 of the AIF Rule Book. It is managed by Sanlam Asset Management (Ireland) Limited (the Manager), Beech House, Beech Hill Road, Dublin 4, Ireland, telephone +353 1 205 3510, fax +353 1 205 3521, which is authorised by the Central Bank of Ireland, as a UCITS IV Management Company & Alternative Investment Fund Manager and is licensed as a Financial Service Provider in terms of Section 8 of the South African FAIS Act of 2002. Independent Securities (Pty) Limited (Independent) is the Investment Manager, Independent Securities (Pty) Ltd is responsible for managing the Fund's investments. This is a Section 65 approved fund under the Collective Investment Schemes Control Act 45, 2002 (CISCA). Sanlam Collective Investments (RF) (Pty) Ltd is the South African Representative Office for this fund. Although all reasonable steps have been taken to ensure the information in the portfolio minimum disclosure document is accurate, Sanlam Asset Management Ireland (Pty) Ltd does not accept any responsibility for any claim, damages, loss or expense; however it arises, out of or in connection with the information. No member of Sanlam gives any representation, warranty or undertaking, nor accepts any responsibility or liability as to the accuracy of any of this information.

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